

Introduction

At one time, certain businesses operated in static environments, whereas others operated in dynamic environments. Today, the majority of businesses operate in a dynamic environment. The ability to cope with the pace of change in this environment distinguishes the successful from the less successful business. This case study examines the way in which one successful company has planned to surf the wave of change.



Traditionally, Heinz UK has been successful at exploiting the strong assets of the company - achieving excellence in manufacturing and developing and building the strengths of its brands. Heinz remains one of Britain's best loved and trusted brand names. However, many changes

are occurring in the marketplace, as organisations react to consumer demand. Some changes are ongoing and relatively small in nature, whereas others involve giant steps forward. A considerable amount of courage is required for an organisation to bring about major changes rather than simply following others. However, the most successful organisations are often those that are prepared to imagine what was previously unimaginable.

Great potential exists for an organisation like Heinz to explore new opportunities and to market new products which meet the changing needs of a more sophisticated consumer - i.e. to deliver real step change innovation.

Ringing the changes

Successful companies must be capable of honest self-assessment. Identifying potential areas for improvement involves asking "Is this all we should be good at?" Heinz could simply have looked at the existing portfolio, including products such as Heinz Tomato Soup, Heinz Baked Beans, Heinz Tomato Ketchup etc. and sat back to exploit these brands which were yielding year on year profit growth. Instead, Heinz decided to look to the future. 1997 would be the year for addressing step change innovation - developing new skills with a strong external focus.

The programme started in the summer of 1996, supported by an innovation agency with extensive marketing, production, advertising and research skills. The agency specialises in helping organisations come up with new ideas. Its brief was twofold:

1. to develop and bring to market exciting new products which really meet the needs of today's consumers
2. to introduce a Heinz culture of innovation.

Innovation

The innovation agency believes that the business world offers less and less protection to those who don't innovate. Today, information travels in an instant from one organisation or person to another. The speed of Information Technology processing systems means that knowledge is at a premium. Competitors copy you in days rather than years. An organisation's only competitive advantage is its ability to adapt to change and to introduce change. In the past, the biggest and best organisations were those with the best machinery and capital equipment. Now, ideas are the most valuable asset. However, it is not sufficient to have one single good idea - a constant stream of new ideas is essential. Innovation must be adopted as a way of life.



So what makes great innovation?

There are many characteristics which enable innovation within an organisation:

- A fiery eyed passion. Within any organisation, there are always people who want to make things happen, who come up with and embrace new ideas. The innovative organisation will encourage these people.
- A challenging culture. An innovative organisation will allow and encourage employees to challenge existing practices and come up with new and better ideas.
- Making it real. Innovation is not just talk, it involves putting new ideas into practice.
- Speed. An innovative organisation is one in which changes are talked through and acted on quickly before they have become out of date. New ideas can pass the “sell-by date” very quickly.
- Embracing failure with joy! An innovative organisation recognises that failure is an inevitable part of change and that much can be learnt from failure.
- A two-way flow with the outside world and with consumers. An innovative organisation is not inward looking. It encourages dialogue with the outside world and particularly within the marketplace.

Research

Conventional organisations operate by using a range of detailed techniques for examining the past, present and likely future performance of the organisation. For example, structured research is used to identify consumer demand and methods of reducing production and distribution costs. The organisation uses gap analysis to estimate the difference between its potential and actual performance and techniques such as benchmarking, to find out what the best practices are in a particular line of business. It will then try to ensure that it meets these benchmarks.

The advantage of using this measurement approach is that it is predictable and safe. It can be planned and enables the organisation to exploit existing advantages. However, such an approach tends to create few, if any, large benefits. It creates a mentality of catching-up with rivals rather than of step change innovation. The emphasis is placed on procedures and techniques rather than creativity and may mean the organisation loses sight of its consumers.

In contrast, the world of madness is quite different. It involves the deliberate randomness of stimulus and often means defying logic in order to make a new type of sense. Creating policy and new ideas will frequently be based on agenda-less listening rather than careful planning. Meetings will often appear somewhat disorganised and less hierarchical so that anyone can contribute even though they may not claim to have a great deal of expertise in a specific field.



Objectives of the innovation programme

The creation of the innovation programme at Heinz involved a certain amount of ‘measure’ - in order to establish the objectives and evaluate the success of the programme. The initial objectives were to:

- create two to five products, over a nine month period, which were real innovations
 - expose Heinz innovators to new processes and start to make Heinz a more innovative culture itself.
- Before the programme was introduced, it was decided that:
- new, exciting products would represent 10% of Heinz's operational income by the year 2002
 - a working culture would be established which had the ability to switch between measure and madness at the appropriate times
 - Heinz would look physically different.

Culture

Heinz is working towards creating an innovation culture which encourages the development of new ideas. New and different approaches are taken when tackling issues and time is made available for thinking and experimenting. Ideas and suggestions are welcomed from all directions, both internally and externally. Understanding and meeting the needs of consumers is central to this culture.

The introduction of a new culture will not, of course, happen overnight. It has been one of 'change by doing' - involving as many people as possible in new product development so they can experience and understand this new way of working and thinking.

The first stage of bringing about innovation in any large organisation involves finding out about the personnel's perceptions of the possibility of innovating within that organisation. Many large organisations find that their personnel:

- do not believe their environment is conducive to different thinking
- feel hampered by the company's existing processes
- feel they are not equipped with the necessary skills to innovate
- have little belief in their own and the organisation's ability to innovate.

At Heinz, a number of barriers to innovation were identified in an audit of existing practice, including:

- a low prioritisation amongst senior management
- resistance to ideas. New ideas did not always work through the system because the organisation had become hierarchical with a top down approach. Over time, therefore, people suggested fewer new ideas.
- fear of failure in the organisation. People were often reluctant to take responsibility for new product development in case the ideas did not work.
- an over concentration on narrow financial targets which were often of a short term nature. People were not always prepared to take longer term risks which eventually lead to the 'big wins.'
- a feeling that the organisation was not effectively listening to consumers.



Introducing change



A number of key actions were identified to remove some of the barriers to innovation and to turn the organisation and its culture around. One of the major requirements of effective change was that individuals in the organisation should be given more time and encouragement to come up with new ideas. It was recognised that many employees were too busy to innovate properly. The emphasis therefore changed to allow employees to be creative. For example:

- The chefs' work programme now includes time to experiment in the kitchen on innovation ideas.
- The working environment has been improved - making it more conducive to creativity.
- New consumer research techniques are being employed, making communication with consumers easier and quicker.

The Human Resources Department is also examining recruitment, induction, training and leadership programmes to identify new approaches which will

encourage, develop and recognise the skills required to deliver successful innovations. The innovation programme can thus be seen as a catalyst to change the culture of the organisation.

Another important development has been the creation of a Heinz Innovation Fresh Ideas Folder which provides a central collection point for ideas within the organisation. Individuals and teams are encouraged to contribute ideas to the folder. The emphasis is placed on 'step developments' i.e. major, new ideas which will propel the organisation forward.

Innovative products

New product ideas have been generated from numerous sources – from employees' suggestions, brainstorming sessions and work with consumers and other external sources. These ideas have been grouped and prioritised into 50 broad 'zones of interest.' A small number of lead zones have been established for more detailed development. Throughout the process, Heinz constantly refers to its consumers. Many of the ideas being researched have been submitted by employees so it is vital that the ideas and products do meet true consumer needs and expectations. Subsequent stages involve the further development of these products with a continuous programme of consumer research to refine the full marketing programme for them.

According to a Heinz News Release: "Everyone likes beans, everyone likes Shepherd's Pie, but not everyone likes cooking." The innovative answer was the creation of 'Baked Bean Cuisine' - incorporating Heinz Baked Beans into a range of traditional recipes such as Sausage Hot Pot, Cheesy Pasta Bake and Lamb Hot Pot. It is even possible to buy Baked Beans Pizza!

Innovation at Heinz is not just limited to Baked Beans. Barbie Pasta Shapes, targeted at three to ten year old girls, come in bright pink packaging with a starry hologram effect. The product was launched with the offer of a Barbie watch - after collecting tokens, thus encouraging brand loyalty and repeat purchases.

Further innovations include flavoured Purified Water for babies and the introduction of the Baby Basics range of infant feeding accessories. New product launches are planned for 1998 and 1999. As the products move towards launch, more and more Heinz employees are involved in the innovation process. In order to enhance the process, increased emphasis is placed on encouraging creativity within the organisation.

In addition to including 'creativity time' for chefs and identifying creativity skills as a key competence within recruitment, induction, assessment and leadership, Heinz is continuing to extend creativity skills training across all functions of the Company. The working environment is being made more conducive to creativity by the introduction of 'creativity areas.'

Conclusion



The Heinz innovation case study provides an interesting example of the way in which an established organisation can improve to cope successfully with the dynamic organisational environment. Organisations must take risks - constantly re-inventing themselves to be more dynamic and responsive to change. They must be prepared to listen to customers and employees who are most in touch with processes within the organisation. Clearly, some new steps taken by the organisation will fail, but others will lead to the 'big wins' which secure the long term prosperity of the organisation. Success depends on taking imaginative risks and carefully balancing measure with madness.